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December 9, 2010

Ms. Jocelyn Boyd
Chief Clerk and Administrator
Public Service Commission of South Carolina
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: Docket No. 2009-226-E; Duke Energy Carolinas, LLC Application to
Adjust and Increase its Electric Rates and Charges

Dear Ms. Boyd:

Pursuant to the request of the Staff of the Public Service Commission of South Carolina ("the Commission"), Duke Energy Carolinas, LLC ("Duke Energy Carolinas" or "the Company") hereby submits this letter as an update to its letter, dated September 14, 2010 ("Termination Letter"), regarding the termination of the Coal Inventory Rider ("the Rider"). In the Termination Letter, Duke Energy Carolinas indicated that it will have over collected from its South Carolina customers under the Rider, and that it would be able to determine the final amount of this over collection subsequent to the Rider's expiration date of October 1, 2010. In electronic mail dated September 16, 2010, Commission Staff requested that Duke Energy Carolinas provide the final amount of over collection, when it was determined, to Commission Staff.

The Company has calculated the total amount of the over-collection under the Rider to be \$1,277,565. This cumulative total amount represents the sum of the difference between the Rider dollars collected in rates each month and the carrying cost allowed for the inventory level in excess of a 40-day supply each month.

As stated in the Termination Letter, Duke Energy Carolinas has proposed that it be allowed to return the over collected funds to customers via its fuel rider to be established in the 2011 annual fuel hearing, and that the Office of Regulatory Staff agreed with the Company's proposal to return the over collected funds to customers during the 2011 fuel review.

Please contact me if you have any questions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Charles A. Castle', written over a horizontal line.

Charles A. Castle

cc: Shannon Hudson, ORS Staff Attorney (via email & U.S. Mail)
Other parties of record